

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-04 H-01 L-03 PA-01 PRS-01 /087 W

-----150310Z 083213 /14

R 150153Z APR 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 210

INFO AMCONSUL BRISBANE

AMCONSUL MELBOURNE

AMCONSUL PERTH

AMCONSUL SYDNEY

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

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EO 11652: NA

TAGS: EALR, ECON, EFIN, ELAB, AS

SUBJECT: THREE MONTH FREEZE OF WAGES AND PRICES SUGGESTED

1. ON APRIL 13 AT CONCLUSION OF PREMIERS CONFERENCE IN CANBERRA, PRIME MINISTER AND ALL SIX STATE PREMIERS SIGNED A STATEMENT CALLING FOR A VOLUNTARY THREE-MONTH HALT IN PRICE AND WAGE INCREASES.

2. TEXT OF STATEMENT FOLLOWS:

"THE HEADS OF THE COMMONWEALTH AND ALL STATE GOVERNMENTS, MEETING IN PREMIERS' CONFERENCE IN CANBERRA TODAY, UNANIMOUSLY CALLED FOR A THREE-MONTH HALT IN PRICE AND WAGES INCREASES. THEY AGREED THAT SUCH A RESTRAINT WAS URGENTLY NEEDED IF AUSTRALIA IS TO OVERCOME ITS CURRENT ECONOMIC PROBLEMS.

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"IT WAS AGREED THAT ALL HEADS OF GOVERNMENTS WILL APPROACH EMPLOYER AND PROFESSIONAL ORGANIZATIONS AND PUT TO THEM THE PROPOSAL THAT THEIR MEMBERSHIP SHOULD VOLUNTARILY COMMIT THEMSELVES TO A PAUSE FOR A PERIOD OF THREE MONTHS FROM INCREASES IN THE PRICES OF THEIR GOODS AND SERVICES. AT THE SAME TIME, ALL HEADS OF

GOVERNMENTS WILL BE MAKING AN APPROACH TO THE ACTU AND OTHER EMPLOYEE ORGANIZATIONS TO SEEK A VOLUNTARY COMMITMENT TO A THREE-MONTH PAUSE FROM WAGE INCREASES. GOVERNMENTS WOULD NOT EXPECT EITHER THE BUSINESS ORGANIZATIONS OR THE UNION ORGANIZATIONS TO AGREE TO SUCH VOLUNTARY RESTRAINT ARRANGEMENTS WITHOUT AGREEMENT BY THE OTHERS.

"IMMEDIATELY FOLLOWING AGREEMENT TO THE PROPOSAL FOR A VOLUNTARY GENERAL PAUSE FROM INCREASES IN PRICES AND INCOMES APPROACHES WOULD BE MADE TO THE ARBITRATION COMMISSION AND THE PRICES JUSTIFICATION TRIBUNAL FOR THE IMPLEMENTATION OF THE GENERAL PAUSE. GOVERNMENTS WOULD ALSO USE THEIR INFLUENCE AND THE POWERS AVAILABLE TO THEM TOWARDS ACHIEVING A SUCCESSFUL OUTCOME. GOVERNMENTS WILL COMMIT THEMSELVES TO NOT INCREASING THEIR OWN CHARGES DURING THE PERIOD OF THE PAUSE. LOCAL GOVERNMENT WILL BE EXPECTED TO DO LIKEWISE.

"ALL HEADS OF GOVERNMENTS COMMIT THEMSELVES TO WORK FOR THIS VOLUNTARY PAUSE. UPON ITS ACHIEVEMENT A FURTHER CONFERENCE OF HEADS OF GOVERNMENT WILL BE HELD TO CONSIDER WHAT FURTHER STEPS SHOULD BE TAKEN. THE HEADS OF GOVERNMENTS CALLED ON ALL MEMBERS OF THE AUSTRALIAN COMMUNITY TO GIVE FULL SUPPT TO THIS VITAL ENDEAVOR TO HELP OVERCOME INFLATION." END QUOTE

3. IN A SEPARATE STATEMENT THE PRIME MINISTER, FRASER, APPEALED TO ALL AUSTRALIANS "TO COOPERATE IN THE BID TO LIMITED OFFICIAL USE

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BOOST ECONOMIC RECOVERY." HE SAID HE REGARDED THE FREEZE AS BEGINNING IMMEDIATELY IN SPIRIT AND CALLED ON THE PUBLIC TO WATCH FOR INCREASES FROM TOMORROW AND REPORT THEM TO THEIR LOCAL MP'S OR GOVERNMENT OFFICERS AND SAID HE WOULD ANTICIPATE A CONSUMER BOYCOTT OF ANY COMPANY WHICH TRIED TO PUT UP PRICES TO OVERCOME THE FREEZE.

4. IT IS CLEAR THAT SUPPORT BY LABOR IS VITAL TO INITIATION OF PLAN AND SIGNS THAT SUCH SUPPORT WILL BE FORTHCOMING ARE MIXED AT BEST. THE FEDERAL SECRETARY OF AMALGAMATED METAL WORKERS UNION, JOHN HALFPENNY, IS REPORTED TO HAVE SAID THAT FREEZE WAS "DOOMED FROM THE BEGINNING, AND THAT HIS UNION WOULD NOT SUPPORT FREEZE AND WOULD CONTINUE TO PRESS ITS CLAIM FOR A 15 DOLLARS AUSTRALIAN PER WEEK PAY RAISE. A.C.T.U. PRESIDENT BOB HAWKE SAID HE WOULD RAISE THE PROPOSAL AT NEXT MEETING OF ACTU EXECUTIVE (NOW SCHEDULED FOR THE FIRST WEEK IN MAY) AND COULD NOT COMMENT

FURTHER.

5. IN IMMEDIATE POST-STATEMENT ANNOUNCEMENTS,
EMPLOYER ASSOCIATIONS SOMEWHAT MORE FORTHCOMING IN
APPARENT SUPPORT OF PROPOSAL, ALTHOUGH THEY TENDED
TO EXPRESS DOUBTS THAT THREE-MONTH FREEZE WOULD REALLY
DO MUCH TO GET A ROOT CAUSE OF INFLATION AND THAT IT
LIKELY GAVE USE TO TEMPORARY DAM BEHIND WHICH EVEN
GREATER INFLATIONARY PRESSURE WOULD BUILD UP.

6. REFERENCE TO APPROACHES TO ARBITRATION COMMISSION
AND PRICES JUSTIFICATION TRIBUNAL SOMEWHAT UNCLEAR.
LEGISLATIVE BASIS OF FORMER PLACES PRIMARY EMPHASIS
ON MAINTAINANCE OF INDUSTRIAL PEACE AND NOT RPT NOT
ECONOMIC STABILITY AND RECENT LEGISLATION HAS REMOVED
FROM PJT MUCH OF ITS ENFORCEMENT POWERS. SOME
OBSERVERS SEE WHOLE EXERCISE, WHICH LARGELY ORCHESTRATED
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BY PM AND R.J. HAMMER, LIBERAL PREMIER OF VICTORIA, AS
A PRELIMINARY TO CASE GOVERNMENT EXPECTED TO PUT IN
SCHEDULED MAY HEARINGS OF ARBITRATION COMMISSION.

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7. WHILE ON FIRST BLUSH IT MIGHT APPEAR SURPRISING THAT PREMIERS OF THREE LABOR STATES - N. WRAN OF NSW, D. DUNSTAN OF SA AND W. NEILSON OF TASMANIA - AGREED TO SIGN STATEMENT, IT MAY BE THAT THEY FOUND IT DIFFICULT TO APPEAR TO OPPOSE SUCH A "WORTHY CAUSE" AND REALIZING THAT LITTLE LIKELY COME OF PROPOSALS, FELT SAFE IN SIGNING IN ORDER NOT PROVIDE LIBERAL PREMIERS AND PM CHANCE LATER ACCUSE THEM OF OBSTRUCTION-ISM IN ANTIINFLATIONARY BATTLE.

8. MEANWHILE, ON APRIL 14, THE PRESIDENT OF THE CONCILIATION AND ARBITRATION COMMISSION, SIR JOHN MOORE, ANNOUNCED A "SPECIAL SITTING" OF THE COMMISSION FOR APRIL 19 INSTEAD OF THE REGULARLY SCHEDULED MAY 3 SITTING. SIR JOHN SAID THE SPECIAL SITTING WOULD "ENABLE THE PARTIES AND INTERVENERS TO PUT TO IT SUCH VIEWS AS THEY MAY WISH ON THE EFFECT OF THE STATEMENT

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ON CURRENT AND FUTURE PROCEEDINGS OF THE COMMISSION."

9. IN OTHER DEVELOPMENTS ON APRIL 14, THE NSW LABOUR COUNCIL AND THE VICTORIAN TRADES HALL COUNCIL BOTH UNANIMOUSLY REJECTED THE FREEZE, THE LATTER DESCRIBING IT AS "A POLITICAL GIMMICK TO COVER UP THE ECONOMIC MISMANAGEMENT OF THE FRASER GOVERNMENT." THE AUSTRALIAN POSTAL AND TELECOMMUNICATIONS UNION DECIDED TO IGNORE THE RECENT WAGE INDEXATION GUIDELINES AND LODGE A 20 DOLLAR AUSTRALIAN A WEEK CLAIM FOR ITS 45,000 MEMBERS. THE AUSTRALIAN MEAT INDUSTRY EMPLOYEES UNION SAID THAT THE 6,000 STRIKING MEMBERS WOULD CONTINUE THEIR CAMPAIGN FOR A 20 DOLLAR AUSTRALIAN A WEEK RAISE AND THE METAL TRADES FEDERATION OF UNIONS IS TO GO AHEAD WITH ITS DEMANDS OF 25 DOLLAR AUSTRALIAN A WEEK AND IMPROVED CONDITIONS.

10. COMMENT: FROM THE FOREGOING, IT SEEMS FAIRLY CLEAR THAT LITTLE OR NOTHING WILL COME OF THE WAGE AND PRICE FREEZING SCHEME. AS IS SO OFTEN THE CASE IN AUSTRALIA, THE SCHEME SMACKS OF AN AD HOC APPROACH, "...FULL OF SOUND AND FURY AND SIGNIFYING NOTHING." END COMMENT.

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